



Arnold Schwarzenegger
Governor

August 19, 2010
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Mr. Kenneth Rae, Director of Employment Services
Vietnam Veterans of San Diego
4141 Pacific Highway
San Diego, CA 92110

Dear Mr. Rae:

WORKFORCE INVESTMENT ACT
VETERAN'S EMPLOYMENT-RELATED ASSISTANCE PROGRAM
15-PERCENT ADULT PROJECT
25-PERCENT DISLOCATED WORKER PROJECT
FINAL MONITORING REPORT
PROGRAM YEAR 2009-10

This is to inform you of the results of our review for Program Year (PY) 2009-10 of the Vietnam Veterans of San Diego's (VVSD) administration of its Workforce Investment Act (WIA) Veteran's Employment-Related Assistance Program (VEAP) Projects. Mr. Gregory Ramsey and Ms. Alice Cedillo conducted this review from May 10, 2010 through May 13, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs; cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b)(1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by VVSD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations, financial management and procurement.

We collected the information for this report through interviews with VVSD representatives, WIA participants. In addition, this report includes the results of our review of selected case files, VVSD's response to Sections I and II of the WIA Program

On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2009-10.

We received your response to our draft report on August 5, 2010, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed finding 1 cited in the draft report, no further action is required. However, this issue will remain open until we verify the implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 10096.

BACKGROUND

The VVSD was awarded \$250,000 in 15-Percent funds to serve 122 adult participants, and \$250,000 in 25-Percent funds to serve 122 dislocated worker (DW) participants from December 1, 2008 through December 31, 2010.

For the period ending March 2010, VVSD reported that it spent \$185,041 of its 15-Percent funds to enroll 63 adult participants, and spent \$145,652 of its 25-Percent funds to enroll 45 DW participants. We reviewed 15 of 63 case files for the 15-Percent participants, and 15 of 45 case files for the 25-Percent participants enrolled in the WIA VEAP Projects as of May 13, 2010.

PROGRAM REVIEW RESULTS

While we concluded that, overall, VVSD is meeting applicable WIA requirements concerning grant program administration, we noted an instance of noncompliance in the area of eligibility. The finding that we identified in this area, our recommendation, and VVSD's proposed resolution of the finding is specified below.

FINDING 1

Requirement: 20 CFR Section 663.105(b) states, in part, adults and dislocated workers who receive services funded under Title I other than self-service or informational activities must be registered and determined eligible.

WIA Directive (WIAD) 04-18 states, in part, that all adults who receive services funded under Title 1-B of WIA must be determined eligible and registered.

Observation: We found that 30 out of 30 participants were provided an intensive service prior to being determined eligible being

registered in the WIA program. Specifically, several vocational assessment tests were used and administered during the intake process and prior to enrollment.

Recommendation: We recommended that VVSD provide the Compliance Review Office (CRO) with a corrective action plan stating how it will ensure, in the future, that participants are not receiving WIA services prior to being determined eligible and being enrolled in the WIA program.

VVSD Response: The VVSD stated that it has revised its intake and enrollment process by delaying the administration of the CAPS, COPS, COPES, and TABE testing instruments until after the actual eligibility and enrollment process has been completed.

State Conclusion: The VVSD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, VVSD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 10096.

FINANCIAL MANAGEMENT REVIEW RESULTS

We concluded that, overall, VVSD is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

We concluded that, overall, VVSD is meeting applicable WIA requirements concerning procurement.

In addition to the finding above, we identified a condition that, while not a finding, is an issue that we thought we should bring to your attention because it may become a compliance issue if not addressed. Specifically, we observed that 2 out of the 30 case files reviewed were missing certificates to validate completion of their respective training programs. We suggest that moving forward, VVSD modify their case file management follow-up procedures to ensure all certificates of completion are included in participant case files where necessary. The VVSD response did not address our concern.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is VVSD's responsibility to ensure that its systems, programs, and related

Mr. Kenneth Rae

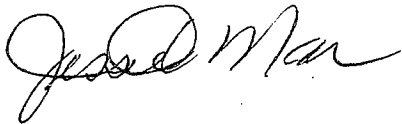
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activities comply with the WIA/ARRA, related federal regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain VVSD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar". The signature is fluid and cursive, with the first name "Jessie" written in a larger, more prominent script than the last name "Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Gene Auerbach, Board of Directors Chairman
Georganne Pintar, MIC 50
Elizabeth Thomsen, MIC 50